

## Message Text

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INFO AMEMBASSY ACCRA

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AMEMBASSY LOME

AMEMBASSY NIAMEY

AMEMBASSY OUAGADOUGOU

AMEMBASSY PARIS

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EO 11652 GDS

TAGS: PFOR, IV, XA, EAID, ECON, EIND

SUBJ: IVORY COAST--1974 YEAR END ASSESSMENT

SUMMARY: THIS IS AN ASSESSMENT OF THE DOMESTIC SITUATION AND FOREIGN  
POLICY OBJECTIVE OF HOUPHOUET-BOIGNY'S IVORY COAST IN 1974 AND SOME  
PROJECTION INTO 1975. THE COUNTRY REMAINS POLITICALLY STABLE,  
THE SUBJECT OF ADMINISTRATIVE REFORMS. THE ECONOMY CONTINUES  
TO GROW AT A SOUND RATE WITH INCREASED EFFORTS AT INTERNAL FIF-  
FUSION OF ITS BENEFITS--ALL OF THIS DESPITE WORLF INFLATION.  
US INVESTMENT WILL EXPEND IN 1975. FOREIGN POLICY HAS BEEN  
CHARACTERIZED BY A SHIFT TOWARD ARAB POSITIONS AND OAU BLOC  
VOTING, EXCEPT WHERE IVORIAN INTERESTS, INCLUDING ANIT-COMMUNISM,  
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OVERRIDE, "DIALOGUE" WITH WHITE AFRICA, GOOD NIEGHBORLY RELATIONS

WITH BLACK AFRICA, CONTINUED CLOSE RELATIONS WITH FRANCE AND A GROWING INTEREST IN THE US ARE ALL DISCUSSED. FINALLY, THE MESSAGE MAKES RECOMMENDATIONS ON AID TO IVORY COAST, THE DESIRABILITY OF ESTABLISHING A REGIONAL TRADE CENTER IN ABIDJAN, THE NEED FOR NEW US - IVORIAN TREATIES, AND THE BENEFITS THAT COULD ACCRUE TO US FOREIGN POLICY FROM MAKING GREATER USE OF HOUPHOUET AS AN INTERMEDIARY WITH THE ARAB-ASIAN BLOCK. END SUMMARY.

#### INTRODUCTION

1. AS 1974 DREW TO A CLOSE-MY FIRST YEAR AS AMBASSADOR TO IVORY COAST-I REVIEWED THE YEAR WITH MY COUNTRY TEAM AND HAVE THE FOLLOWING OBSERVATIONS FOR THE DEPT INFORMATION. I ALSO HAVE SOME RECOMMENDATIONS FOR COURSES OF ACTION TO ACHIEVE OUR FOREIGN POLICY OBJECTIVES IN IVORY COAST DURING 1975.

#### I. DOMESTIC SITUATION

2. IVORY COAST ENJOYED ANOTHER YEAR OF POLITICAL STABILITY, CONTINUED ECONOMIC AND SOCIAL PROGRESS AND MARKED IMPROVEMENT IN INTERNAL ADMINISTRATION. PRESIDENT HOUPHOUET-BOIGNY, NOW 69 ENDED THE YEAR IN EXCELLENT HEALTH, AND IN COMPLETE CONTROL OF PARTY, GOVERNMENT AND MILITARY. HE HAS BECOME ONE OF THE MOST DISTINGUISHED ELDER STATESMEN IN AFRICA, PRESIDING OVER A SUCCESSFUL ECONOMY AND A MODERATE, BENEVOLENT GOVERNMENT. ALTHOUGH HE HAS NOT DECLARED HIS INTENTIONS, HE FACES NO CHALLENGE TO SEEKING A FOURTH FIVE-YEAR TERM IN THE 1975 NATIONAL ELECTION. WE EXPECT HIM TO RUN AGAIN TO COMPLETE THE JOB HE STARTED SO MANY YEARS AGO.

#### A. REFORMS

3. HOUPHOUET BEGAN 1974, WHICH HE TITLED THE "YEAR OF THE INTERIOR". BY MEETING WITH SOME 2,000 LEADING MEMBERS OF THE GOVERNMENT AND PARTY, WHERE HE INVITED THEM TO EXAMINE CRITICALLY THE INTERNAL ADMINISTRATION OF THE COUNTRY. THE MEETINGS, CHARACTERIZED AS INTERNAL DIALOGUE", PRODUCED CRITICISMS OF THE SYSTEM, ITS BUREAUCRATIC SLUDGE, AND INCOMPETENCE (OR WORSE) ON THE PART OF SOME MINISTERS. IT ESTABLISHED A PRECEDENT OF OPENNESS BETWEEN  
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THE GOIC AND THE PEOPLE, AS WELL AS A NEED FOR REFORM OF THE ADMINISTRATIVE STRUCTURE.

4. HOUPHOUET PROCEEDED SLOWLY BUT DELIBERATELY. HE MADE THREE WELL-ORCHESTRATED SWINGS IN THE INTERIOR TO EMPHASIZE HIS PLANS TO REDUCE THE GAP BETWEEN WEALTHY URBAN AND SOUTHERN IVORY COAST AND POORER NORTHERN REGIONS. THE FIRST OF THESE PRECEDED THE APRIL 15 COUP D'ETAT IN NIGER WHICH DEPOSED HIS OLD FRIEND,

DIORI. THIS SHOOK HOUPHOUET AND CAUSED HIM TO REFLECT ON BETTER WAYS TO PREVENT MILITARY COUPS. IN JULY HOUPHOUET RESHUFFLED HIS CABINET SLIGHTLY AND CHANGED MOST OF THE ARMY COMMANDERS. HE PLACED ONE OF HIS MOST TRUSTED AND CAPABLE MINISTERS AT THE HEAD OF INTERIOR AND BROUGHT THE TWO FASTEST-RISING YOUNG MILITARY OFFICERS INTO THE GOVERNMENT AS JUNIOR MINISTERS.

5. SOON AFTER, THE PREFECTORAL SERVICE WAS SUBSTANTIALLY REORGANIZED TWO NEW PREFECTURES AND SEVERAL SUB-PREFECTURES WERE CREATED. MAY PREFECTS AND SUB-PREFECTS WERE REASSIGNED AND A FIRST CONTINGENT OF 10 MILITARY OFFICERS WERE NAMED TO SERVE AS SUB-PREFECTS IN BORDER AREAS. PREFECTS WERE AUTHORIZED TO ACT FOR ALL MINISTRIES IN THEIR DISTRICTS. THE NEW MINISTER OF INTERIOR LED A TEN-DAY SEMINAR IN SEPT FOR ALL PREFECTS AND SUB-PREFECTS. AT YEAR'S END AND SUBSTANTIAL IMPROVEMENT HAD BEEN ACHIEVED IN THE INTERNAL ADMINISTRATION.

#### B.POTENTIAL OPPOSITION ELEMENTS

6. IVORIAN LABOR REMAINED DOCILE AND CALM THROUGHOUT 1974 EVEN THOUGH PINCHED BY MOUNTING INFLATION. THE IVORY COAST'S ONLY LABOR UNION CALLED NO STRIKES, NO WORK STOPPAGES, NO DEMONSTRATIONS OF ANY KIND. IN RETURN, THE GOVERNMENT DECREED MINIMUM WAGE INCREASE AVERAGING 35 PERCENT FOR INDUSTRIAL WORKERS. SINCE THE MAJORITY OF IVORY COAST'S WAGE-EARNING MANUAL LABORERS ARE FOREIGN AFRICANS, WHO ARE HERE AT SUFFERANCE, AGITATION IS ALMOST UNHEARD OF.

7. IVORIAN UNIVERSITY STUDENTS ENJOYED THEIR INCREASED SUBSIDIES AND MINDED THEIR ACADEMIC BUSINESS. THIS YEAR THERE WERE NO STUDENT DEMONSTRATIONS OR REPORTABLE INCIDENTS, AS COMPARED TO LAST WHEN INSUFFICIENT STUDENT HOUSING GENERATED A NUMBER OF PROTESTS.

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#### C. ECONOMIC SITUATION AND PROSPECTS

8. THE YEAR 1974 SAW THE IVORIAN ECONOMY DISRUPTED BY THE HUGE WORLD PRICE INCREASES FOR PETROLEUM PRODUCTS AND GRAINS, AS WELL AS SIGNIFICANT INCREASES IN PRICES OF CONSUMER AND CAPITAL GOODS IMPORTED FROM THE DEVELOPED NATIONS. IVORIAN AUTHORITIES ESTIMATE A 15 PERCENT INCREASE IN PRICES FOR THE AFRICAN ECONOMY AND 19 FOR THE "EUROPEAN" ECONOMY IN IVORY COAST. THE EMBASSY ESTIMATES THE GDP AT CURRENT PRICES ROSE BY 18 PERCENT (6 PERCENT REAL-DOWN SLIGHTLY FROM 6.5 PERCENT AVERAGE IN 1971-73).

9. IVORY COAST'S BALANCE OF PAYMENTS OUTTURN REFLECTS THE DIFFICULTIES GENERALLY EXPERIENCED BY LDC'S DURING 1974. IMPORTS ROSE APPROXIMATELY 45 PERCENT IN VALUE; FUEL COSTS REPRESENTED 10 PERCENT OF TOTAL IMPORTS, AS COMPARED TO ONLY 2.5 PERCENT IN 1973. THE EX-

PORT PICTURE WAS MIXED; WORLD COFFEE AND COCOA PRICES WERE AT  
HISTORIC HIGHS SO THAT REVENUES FROM THESE TWO LARGEST IVORIAN EXPORTS

PARTIALLY OFFSET DECLINE IN WOOD EXPORT EARNINGS AND THE INCREASED  
IMPORT BILL. EMBASSY ESTIMATES THAT IVORY COAST'S TRADE BALANCE  
DECLINED FROM \$140 MILLION IN 1973 TO \$100 MILLION IN 1974.  
BALANCE ON CURRENT ACCOUNT DETERIORATED FROM A 1973 DEFICIT OF  
-\$165 MILLION TO A 1974 DEFICIT OF \$1\$6 MILLION. TO FINANCE THIS  
DEFICIT, GOIC HAS BORROWED RELATIVELY HEAVILY ON EURO-DOLLAR  
MARKET AND FROM GOVERNMENT AND MULT-LATERAL LENDING INSTITUTIONS,  
IE EXIM BANK AND IBRD. GOIC ALSO DREW \$14 MILLION FROM IMF'S  
SPECIAL OIL FACILITY.  
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10. THE GOIC RECOGNIZES THE NEED TO MAINTAIN THE REAL PURCHASING POWER OF THE IVORIAN LABORER AND FARMER. THUS, MINIMUM WAGES WERE INCREASED SIGNIFICANTLY IN 1974, AS WERE THE GUARANTEED PURCHASE PRICES TO FARMERS FOR COFFEE, COCOA AND COTTON. THE CONSUMER PRICE INDEX STILL ROSE FASTER THAN WAGES AND THESE PURCHASE PRICES.

11. 1975 WILL BE ANOTHER YEAR OF ADJUSTMENT TO DISRUPTIONS ON THE WORLD ECONOMIC SCENE. GROWTH OF GDP AND BALANCE OF PAYMENTS DEVELOPMENTS ARE LIKELY TO SHOW THE SAME TREND AS IN 1974. WE ESTIMATE A TRADE BALANCE ABOUT THE SAME AS IN 1974, SINCE COFFEE AND COCOA PRICES--ALTHOUGH SOMEWHAT LESS BUOYANT--WILL STILL REMAIN HIGH, OFFSETTING REDUCED EARNINGS FROM CONTINUED STAGNATION IN WOOD EXPORTS(THESE THREE ITEMS ACCOUNT FOR APPROXIMATELY 80  
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PERCENT OF IVORIAN EXPORTS). ON THE IMPORT SIDE, THE PICTURE IS LESS

CLEAR SINCE THE GOIC, IN ORDER TO MAINTAIN ITS TRADITIONALLY STRONG TRADE BALANCE, MAY CHOOSE BRIEFLY TO DEFER SOME INFRASTRUCTURE IMPORTS TO THE FIRST HALF OF 1976. ON THE CAPITAL ACCOUNT WE NEVERTHELESS EXPECT CONTINUED HEAVY GOVERNMENT BORROWING ABROAD FOR INFRASTRUCTURE DEVELOPMENT. THIS, AT A TIME OF DECLINING GRANT ELEMENT IN INTERNATIONAL LENDING, MAY LEAD TO AN INCREASE IN IVORY COAST'S DEBT SERVICE RATIO BY THE END OF 1975 TO ALMOST 10 PERCENT. THIS FIGURE IS STILL WITHIN THE LIMITS ACCEPTABLE TO THE INTERNATIONAL FINANCIAL COMMUNITY.

12. AS A MATTER OF POLICY, DESPITE HIGHER PRICES AND COSTS OF BORROWING, GOIC PLANS TO PRESS FORWARD WITH ITS PROGRAM OF INFRASTRUCTURE DEVELOPMENT AND ECONOMIC DIVERSIFICATION AIMED AT REDUCING REGIONAL DISPARITIES. IT APPEARS CONVINCED THAT "RETURNS"--BOTH ECONOMIC AND POLITICAL--ON THESE INVESTMENTS WILL OUTWEIGH ANY "SAVINGS" THAT MIGHT ACCRUE IF THEY WERE DEFERRED UNTIL INTEREST RATES DECLINED AND PRICE INCREASES MODERATED. THIS WILL LEAD IN 1975 TO NEW PRODUCTION PROGRAMS OF SOYA AND MAIZE, MORE SUGAR REFINERIES, INCREASED DOMESTIC CATTLE PRODUCTION, AND CONTINUED EXPANSION OF ROADS, POWER FACILITIES AND AGRI-BUSINESS DEVELOPMENT. TOURIST HOTEL ROOMS AND HOUSING STARTS WILL ALSO BE INCREASED.

13. THUS, ALTHOUGH 1974 WAS AND 1975 WILL BE RELATIVELY DIFFICULT YEARS FOR IVORY COAST, THE BASIC STRENGTH AND POTENTIAL OF THE ECONOMY ARE SUCH THAT IVORY COAST SHOULD ONCE AGAIN WETHER THE STORM CREATED BY THE DISRUPTED INTENRATIONAL ECONOMIC SITUATION. A STRONG MINISTRY OF PLAN, WHICH GUIDES BUT DOES NOT CONTROL THE ECONOMY; SOUND FINANCIAL PLANNING, AND THE CONTINUED WILLINGNESS TO EMPLOY NONAFRICAN EXPERTISE IN GOVERNMENT AND SEMI-GOVERNMENTAL INSTITUTIONS, ALL CONTRIBUTE AN AIR OF CONFIDENCE ABOUT IVORY COAST'S ECONOMIC SOUNDNESS. CONTINUED GRADUALISM IN "IVORIANI-

ZATION" IS ONE OF THE KEYNOTES. AT THE SAME TIME, SUCH INSTITUTIONS AS THE PRIVATE AND CENTRAL BANKS ARE PLACING IVORIANS AT THEIR HELMS FOR THE FIRST TIME IN 1975.

D. U.S. TRADE AND INVESTMENT IN IVORY COAST

14. U.S. BUSINESS ACTIVITY IN IVORY COAST IN 1974 WAS HIGHLIGHTED  
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BY THE COMPLETION, AFTER MANY DELAYS, OF THE LANG AFRIQUE-CONSTRUCTED SUGAR REFINERY AT FERKESSEDOUGOU. THIS PROJECT ADDS SIGNIFICANTLY TO THE IVORY COAST ECONOMY SINCE WHEN FULL PRODUCTION OF 60,000 METRIC TONS OF REFINED SUGAR IS REACHED IN 1976, IVORY COAST WILL PRODUCE ENOUGH SUGAR TO SATISFY ITS DOMESTIC NEEDS, REPRESENTING A SAVING OF \$40 MILLION IN IVORY COAST'S IMPORT BILL AT PRESENT WORLD SUGAR PRICES. ANOTHER SIGNIFICANT EVENT WAS THE AWARDED TO KAISER ENGINEERS OF THE CONTRACT FOR THE ENGINEERING AND CONSTRUCTION MANAGEMENT FOR THE \$125-MILLION TAABO DAM, CONSTRUCTION OF WHICH WILL BEGIN IN LATE 1975.

15. AMERICAN BUSINESS PRESENCE IN 1975 IS EXPECTED TO INCREASE SIGNIFICANTLY WITH THE EXPECTED INFLOW OF A \$25-MILLION INVESTMENT BY MECREPCO FOR A FACTORY TO PRODUCE TREADS FOR HEAVY EQUIPMENT, A \$35-MILLION INVESTMENT BY BLUE BELL FOR THE MANUFACTURE OF BLUE JEANS, SOME \$5 MILLION IN ENGINEERING WORK BY KAISER ENGINEERING ON THE TAABO DAM PROJECT, AND THE BEGINNING OF THE ENGINEERING ON THE IRON ORE COMPLEX IN THE MAN REGION TO BE DEVELOPED BY A CONSORTIUM LED BY PICKANDS-MATHER.

II. FOREIGN POLICY

A. SHIFT TOWARD THE ARABS AND THE NONALIGNED

16. IN FOREIGN AFFAIRS 1974 COULD BE CALLED THE "YEAR OF THE ARABS." THE MAGNITUDE OF THE SHIFT IN IVORIAN FOREIGN POLICY IS SUBSTANTIAL. IN NOVEMBER 1973, WHEN IVORY COAST WAS THE LAST SIGNIFICANT BLACK AFRICAN COUNTRY TO BREAK DIPLOMATIC RELATIONS WITH ISRAEL, HOUPHOUET TOLD MY PREDECESSOR, AMBASSADOR ROOT, THAT "95 PERCENT OF MY GOVERNMENT OPPOSED BREAKING RELATIONS". AT THE U.N. GENERAL ASSEMBLY THIS FALL AND IN HOUPHOUET'S INDEPENDENCE DAY ADDRESS OF DECEMBER 7, 1974, IVORY COAST SUBSCRIBED TO ABOUT 95 PERCENT OF THE ARAB POSITIONS, INCLUDING ACCEPTANCE OF THE OIL PRICE HIKES AND CALLING FOR A SEPARATE STATE FOR PALESTINIANS.

17. HIS EXPRESSED REASONS FOR THIS SHIFT WERE: FEAR OF TERRORIST REPRISALS IF IVORY COAST HAD FAILED TO BREAK WITH ISRAEL, INABILITY TO AFFECT OIL PRICES WHATEVER THEY SAID, AND CONVICTION THAT THE PLO CAN BECOME A MODERATE GROUP IF SOME OF ITS DEMANDS ARE MET. WE BELIEVE HE WAS ALSO UNWILLING TO BE LEFT SO FAR BEHIND HIS FELLOW AFRICANS ON SUCH A CRITICAL ISSUE.

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18. THIS MOVE FROM THE ISRAELI TO THE ARAB SIDE ACCOMPANIED A CORRESPONDING SHIFT IN IVORIAN VOTING IN UNGA WHICH WE PREDICTED IN THE 1974 PARA. THROUGH MOST OF THE 6TH SPECIAL SESSION AND THE 29TH REGULAR SESSION, THE IVORIAN VOTE FELL INCREASNGLY WITH THE AFRICAN BLOC AND THUS AGAINST U.S. -SUPPORTED POSITIONS.WE WERE ABLE THROUGH SPECIAL EFFORTSTO RETAIN THE IVORIAN VOTE ON KHMER REPRESENTATION, AND THEY CONTINUED TO SUPPORT SOUTH KOREA AND SOUTH VIETNAM.

#### B. COMMODITY PRICE POLICY

19. HOUPHOUET CONTINUED THROUGHOUT 1974 TO CRITICIZE THE "UN-CONSONABLY RICH" CONSUMER NATIONS FOR THE DETERIORATION OF THE TERMS OF TRADE WITH LDC PRIMARY PRODUCERS. HE URGED PETROLEUM PRODUCERS TOTAKE ACCOUNT OF THE NEEDS OF NONOIL-PRODUCING LDC'S AND HE CALLED FOR AGRID SYSTEM WHEREBY PRODUCERS OF OTHER PRIMARY GOODS WOULD CONCERT THEIR EFFORTSTO LINK THEIR PRICES TO THOSE OF PETROLEUM AND INDUSTRIAL GOODS. ONLY IN THIS WAY DOES HE SEE THE LDC'S KEEPING THE ECNOMIC GAP FROM DETERIORATING FURTHER AND HENCE STEMMING THE DANGERS OF CHAOS AND COMMUNISM. AT THE SAME TIME HE RECOGNIZES THE NEED FOR PRODUCER-CONSUMER COOPERATION.

#### C. A WORLD ROLE FOR IVORY COAST

20. A STRONGER VOICE IN THE UNGA WAS ONLY ONE OF MANY WAYS THAT IVORY COAST PLAYED ABIGGER ROLE IN 1974. MINISTER OF FINANCE KONAN BEDIE WS THE FIRST AFRICAN TO CHAIR AN IBRD/IMF SESSION(SEPTEMBER) AND HE WAS SUBSEQUENTLY CHOSEN CHAIRMAN OF THE NEW INTERNATIONAL DEVELOPMENT COMMITTEE. MINISTER OF PLAN DIAWARA WAS NAMED PRESIDENT OF THE "CLUB OF DAKAR", A GROUP OF PROMINENT INDIVIDUALS FROM MANY COUNTRIES ORGANIZED TO FOCUS ON DEVELOPMENT PROBLEMS, IN THE SAME WAY THE "CLUB OFROME" IS FOCUSING ON THE INDUSTRIALIZEDNATIONS' PROBLEMS.

#### D. RELATIONS WITH BLACK AFRICA

21. IVORY COST REMAINED AT PEACE AND ENJOYED CORDIAL RELATIONS WITH ALL ITS NEIGHBORS EXCEPT THE PARANOID TOURE, AND EVEN THEIR RELATIONS WERE SUFFICIENTLY CALM TO PERMIT THE RETURN OF AN IVORIAN AIRCRAFT AND TWO FRENCH PILOTS WHO MADE A FORCED LANDING IN  
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GUINEA. HOUPHOUET WAS AN IMPORTANT BEHIND-THE-SCENES PLAYER IN

COOLING DOWN THE PUTATIVE MALI-UPPER VOLTA "WAR".

22. IVORY COAST PLAYED A LEADINGROLE IN THE ENTENTE AND IN  
CEAO, WHILE TRYING TO AVOID DOMINATION BY THE NIGERIAN GIANT IN  
WEST AFRICA. IVORY COAST WITHDREW ITS LONG-STANDING SUPPORT FOR  
REVERSE PREFERENCES WITH EEC, FOR THE SAKE OF AFRICAN UNITY.

E. "DIALOGUE" POLICY TOWARD SOUTHER AFRICA

23. SOUTHERN AFRICA CONTINUED TO FASCINATE HOUPHOUET. THE NOW  
WELL-KNOWN MEETING OF SEPTEMBER 22 HE HAD WITH SENGHOR AND SOUTH  
AFRICANS, PROBABLY INCLUDING VORSTER, IS STILL NOT PUBLICLY AD-  
MITTED, BUT TIME MAY SHOW THAT SUCH EFFORTS BY HOUPHOUET AND  
OTHER BLACK AFRICAN LEADERS MAY HAVE A SIGNIFICANT BEARING ON  
SOUTH AFRICA'S POLICIES TOWARD RHODESIA, NAMIBIA, AND EVEN AT  
HOME. IN CONTRAST TO 1970, WHEN HE FIRST BROACHED THE DIALOGUE  
POLICY, THIS TIME NO AFRICAN LEADER HASCRTICIZED HOUPHOUET AND  
THE OTHERS FOR THEIR EFFORT.

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AMEMBASSY PARIS



AMEMBASSY PRETORIA

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24. AFTER THE STARTLING CHANGES IN PORTUGUESE AFRICA IN 1974, IN WHICH IVORY COAST REJOICED, 1975 MAY INDEED BE THE YEAR OF DIALOGUE WITH SOUTH AFRICA. SHOULD THIS PROVE TO BE THE CASE, AND SHOULD HOUPHOUET PLAY A MAJOR ROLE IN THE BLACK-WHITE NEGOTIATIONS, HE MIGHT YET ACHIEVE THE NOMINATION FOR THE NOBEL PEACE PRIZE WHICH HE HAS COVERTED FOR SO LONG.

F. IVORIAN-FRENCH RELATIONS

25. WHILE IVORY COAST CONTINUES TO BE CLOSE TO FRANCE IN MANY RESPECTS, THERE IS GROWING EVIDENCE OF A DESIRE FOR INDEPENDENCE AND DIVERSIFICATION. WISELY, IN OUR JUDGEMENT, GOIC CONTINUES TO RELY ON NONAFRICAN ADVISORS, MOST OF WHOM ARE FRENCH. BUT BANKING, COMMERCE AND PROFESSIONS ARE GRADUALLY BEING IVORIANIZED. CONFIDENTIAL

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THIS WILL MAKE IT EASIER FOR NONFRENCH BUSINESS INTERESTS TO ENTER IVORIAN MARKETS. WHEN CHALLENGED ABOUT FRENCH ADVISORS' FAVORING FRENCH BUSINESS INTERESTS, SENIOR IVORIANS INSIST THAT FINAL DECISIONS REST WITH THEM. IN FOREIGN POLICY, GOIC TAKES OPPOSITE POSITIONS TO THE FRENCH ON SUCH KEY ISSUES AS REVERSE PREFERENCES, DIPLOMATIC RELATIONS WITH MOSCOW AND PEKING, KHMER REPRESENTATION AND VIETNAM, ALTHOUGH IT PARALLELS THE FRENCH ON MIDDLE EAST AND SOUTH AFRICA.

G. IVORIAN-COMMUNIST RELATIONS

26. DESPITE HOUPHOUET'S CONTINUED STRONG OPPOSITION TO COMMUNISM AND FEAR OF BIG COMMUNIST POWERS, 1974 SAW THE OPENING OF DIPLOMATIC RELATIONS WITH ROMANIA AND SOME TALK OF A SIMILAR MOVE WITH POLAND. BEHIND THIS GUARDED SHIFT, WE BELIEVE, IS THE DESIRE TO INCREASE EXPORT MARKETS FOR IVORIAN PRODUCTS AND NOT RPT NOT A SHIFT IN ATTITUDE TOWARD COMMUNISM PER SE. ONE HEARS ALMOST NO TALKS OF RESUMING RELATIONS WITH MOSCOW, WHICH WERE BROKEN IN 1969 OVER ALLEGED SOVIET MEDDLING IN THE AFFAIRS OF ABIDJAN UNIVERSITY STUDENTS, NOR DOES GOIC SEEM ANY CLOSER TO BREAKING WITH REPUBLIC OF CHINA IN ORDER TO "GO TO PEKING".

H. IVORIAN-U.S. RELATIONS

27. OUR DIPLOMATIC RELATIONS REMAINED EXCELLENT THROUGHOUT THE YEAR. I WAS ABLE TO SEE HOUPHOUET WHENEVER I HAD TO, AND I AND THE COUNTRY TEAM WERE ABLE TO SEE, AND TO ARRANGE FOR AMERICAN VISITORS TO SEE, HIS MINISTERS AND COUNSELORS. IRRITATIONS CONTINUED OVER DIPLOMATIC IMMUNITY FROM IVORIAN AXES AND CIVIL JURISDICTION, BUT THEY WERE KEPT WITHIN TOLERABLE BOUNDS. OUR

SUCCESS IN GETTING IVORY COAST TO SUPPORT THE FRIENDLY RESOLUTION ON KHMER REPRESENTATION SHOWED THAT IF THE ISSUE WAS IMPORTANT ENOUGH TO US, IF WE MADE AN ALL-OUT EFFORT, AND IF THE PRINCIPLE INVOLVED COULD BE MADE TO FIT IVORIAN POLICY, WE COULD STILL GET IVORY COAST TO BREAK RANKS WITH THE NONALIGNED BLOC.

### III. RECOMMENDATIONS FOR U.S. POLICY

#### A. AID

28. THE IVORY COAST IS ONE OF THE MOST SUCCESSFUL DEVELOPING  
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STATES IN AFRICA. IVORIAN SUCCESS HAS BEEN THE RESULT OF POLITICAL STABILITY AND GOOD MANAGEMENT, NOT GOOD LUCK. WITHOUT MINERAL OR TOURIST REVENUES IT HAS MANAGED TO MAINTAIN A FAVORABLE BALANCE OF TRADE AND ESSENTIALLY UNLIMITED CREDIT WORTHINESS THROUGH AGRICULTURAL DIVERSIFICATION AND MODERNIZATION.

29. TO MAINTAIN ITS RATE OF GROWTH, IT MUST FURTHER DIVERSIFY ITS AGRICULTURAL PRODUCTION. SUBSTANTIALLY GREATER FOOD PRODUCTION IN IVORY COAST COULD MATERIALLY REDUCE THE COST OF FOOD TO THE NEIGHBORING SAHELIAN STATES AND PERMIT REDUCED AID TO THEM. PERHAPS 20 PERCENT OF IVORY COAST'S POPULATION COMES FROM THESE STATES. IVORIAN AGRICULTURE AND AGRI-BUSINESS COULD ABSORB MORE OF THE UNEMPLOYED EXCESS POPULATIONS OF THE POORER SAHELIAN NEIGHBORS, BUT IVORY COAST NEEDS ASSISTANCE TO CHIEVE THIS POTENTIAL.

30. THE UNITED STATES IS UNIQUELY QUALIFIED TO PROVIDE IVORY COAST THE TECHNOLOGICAL ASSISTANCE NEEDED FOR FURTHER MODERNIZATION AND DIVERSIFICATION OF AGRICULTURE.

31. I HAVE PREVIOUSLY URGED THAT AID INCLUDE IVORY COAST IN THE REGIONAL PROGRAMS DESIGNED TO REHABILITATE THE SAHEL. THERE APPEARS TO BE A RELUCTANCE ON THE PART OF AID TO GIVE MORE THAN MINIMAL CONSIDERATION TO A STATE WHICH HAS CREDIT WORTHINESS, DESPITE THE BROAD ACCEPTABILITY OF THE THEORY THAT HELP TO THE RAPIDLY DEVELOPING ECONOMIES WILL ALSO BENEFIT THEIR POORER NEIGHBORS.

32. THE COUNTRY TEAM RECOMMENDS AID ASSISTANCE TO IVORIAN AGRICULTURE AND LIVESTOCK. IF IT CANNOT BE PROVIDED ON A BILATERAL BASIS, WE THEN RECOMMEND THAT REGIONAL PROGRAMS GIVE FULL OPPORTUNITIES TO IVORY COAST.

#### B. CLOSER PEACE CORPS-AID RELATIONS

33. IN THE ABSENCE OF A BILATERAL AID PRESENCE IN IVORY COAST, IT IS DIFFICULT TO PLAN JOINT PC/AID ACTIVITIES. WE RECOMMEND THAT EFFORTS BE INITIATED IN BOTH PEACE CORPS AND AID IN WASHING-

TON TO ENCOURAGE JOINT ACTIVITIES, SUCH AS PC PROJECTS RELATED TO ENTENTE GUARANTY FUND PROJECTS. WE SHALL ALSO MAKE PROGRAM RECOMMENDATIONS FROM THIS END.

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#### C. REGIONAL TRADE CENTER

34. THE WEST AND CENTRAL AFRICAN COMMERCIAL OFFICERS' CONFERENCE WHICH MET HERE LAST JUNE PROPOSED THAT THE REGIONAL TRADE CENTER ORIGINALLY PLANNED FOR LAGO, BUT DROPPED BECAUSE OF NIGERIAN RESISTANCE, BE REVIVED WITH ABIDJAN AS ITS LOCATION. THIS MISSION SUPPORTS SUCH A PROPOSAL. WE BELIEVE THAT GROWING TRADE POSSIBILITIES IN FRANCOPHONE AFRICA, THE PRESENCE OF OVER 60 AMERICAN FIRMS WITH REGIONAL OFFICES HERE, AVAILABILITY OF OFFICE SPACE AND OFFICE STAFF, GOOD CONFERENCE AND HOTEL FACILITIES, AND THE RELATIVELY EASY COMMUNICATIONS AND TRANSPORTATION IN ABIDJAN AND FROM HERE TO THE REST OF WEST AND CENTRAL AFRICA, MAKE ABIDJAN A GOOD CANDIDATE FOR SUCH A CENTER.

#### D. NEW TREATY RELATIONS WITH IVORY COAST

35. IVORY COAST IS BECOMING EVER MORE ATTRACTIVE TO UNITED STATES BUSINESSMEN AND TOURISTS. EVEN REPRESENTATIVES WHOSE PRINCIPAL ACTIVITIES ARE IN NIGERIA HAVE CHOSEN TO LIVE AND LOCATE THEIR OFFICES IN IVORY COAST. THIS MISSION HAS GROWN SUBSTANTIALLY AND WILL SOON NUMBER MORE THAN 100 AMERICAN EMPLOYEES. IN THESE CIRCUMSTANCES OUR TREATY RELATIONS LEAVE MUCH TO BE DESIRED. I RECOMMEND THAT WE BEGIN TO CLOSE THE GAP BY OFFERING TO NEGOTIATE A TREATY OF FRIENDSHIP, COMMERCE AND NAVIGATION, OR CONSULAR CONVENTION, WITH IVORY COAST. WE SHOULD ALSO OFFER TO NEGOTIATE AN EXTRADITION TREATY AND AN AGREEMENT BY EXCHANGE OF NOTES FOR THE RECIPROCAL WAIVER OF VISA FEES.

#### E. PRESIDENT HOUPHOUET AS CATALYST FOR CERTAIN U.S. FOREIGN POLICY INTERESTS

36. WE HAVE IN PRESIDENT HOUPHOUET-BONGNY AN ELDER STATESMAN, A RESPECTED AFRICAN LEADER, AN ASTUTE POLITICIAN, A DECLARED ANTI-COMMUNIST AND A MAN WITH TREMENDOUS INTEREST IN WORLD ISSUES WHO NEVERTHELESS DOES NOT LOSE SIGHT OF HIS PRIMARY GOALS OF BUILDING HIS OWN NATION. HE HAS STOOD FAST BY HIS EFFORTS AT "DIALOGUE" WITH SOUTH AFRICA IN THE FACE OF MUCH CRITICISM IN EARLIER YEARS, AND NOW IT IS BEGINNING TO BEAR FRUIT. HE IS APPARENTLY CON-

VINced THAT THE PALESTINIANS DESERVE A BREAK AND THAT DEALING EVEN-HANDEDLY WITH THEM REPRESENTS THE REAL (AND ONLY) CHANCE  
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FOR PEACEFUL SETTLEMENT IN THE MIDDLE EAST. HE IS DEEPLY CONCERNED  
OVER WORLD PRICES AND THE NEED TO GIVE BETTER OPPORTUNITIES TO  
POOR, RAW-MATERIAL PRODUCING LDC'S TO SHARE IN THE WORLD'S  
PROSPERITY. HE LINKS HIS CONCERN OVER COMMODITY PRICES WITH HIS  
FEAR OF COMMUNIST EXPANSION IN THE AGE OF ECONOMIC CHAOS. SOME  
OF HIS MINISTERS ARE TAKING WORLD LEADERSHIP ROLES.

37. I RECOMMEND THAT THE DEPARTMENT CONSIDER GETTING CLOSER TO  
HOUPHOUET AND DETERMINING WHETHER THERE ARE ANY WAYS WE CAN DRAW  
ON HIS POSITION TO FURTHER SOME OF OUR OWN OBJECTIVES IN SOUTHERN  
AFRICA, THE MIDDLE EAST, AND INTERNATIONAL ECONOMIC POLICY. OUR  
FUNDAMENTAL POSITIONS ARE CLOSE ENOUGH TO MANY OF HIS THAT HE MIGHT  
BE ABLE TO HELP FURTHER OUR OBJECTIVES. I PLAN TO EXPAND ON THIS  
RECOMMENDATION IN SUBSEQUENT COMMUNICATIONS TO THE DEPARTMENT.  
SMITH

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
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